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## **Belgium [without Luxembourg]**

**Post:** The Hague

## **Belgian Power Sector Resumed Firing of Biomass**

### **Report Categories:**

Biofuels

Wood Products

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### **Report Highlights:**

During March - July 2014, the Flemish power sector temporarily stopped combustion of wood pellets because the Belgian wood sector argued that pellet production cannibalized their same raw material. In August, generation of electricity from wood pellets resumed as a new Belgian Decree requires the wood sector to prove the threat to their inputs prior to limiting its use for pellets. This new mechanism favors imports as the raw materials from long distances are not used by the Belgian wood sector.

During March - July 2014, the Flemish power sector temporarily stopped firing of wood pellets (see GAIN Report NL4018). The reason for this halt was that the Belgian Government no longer granted Green Certificates for pellets which are produced from an industrial resource which could be used as raw material by another domestic industry. Before, the certificates were granted with the consent of the Belgian wood industry federation (Fedustria), as they declared to Belgian regulator that the pellet production was not competing for their resources. Because ninety percent of the pellets were produced in North America, there was not a threat to the Belgian wood industry from imports and Fedustria only objected to the production of domestic pellets. However, in March 2014 the Flemish Regulator of the Electricity and Gas Market (VREG) no longer allowed Fedustria to make the distinction based on origin alone. As a consequence certificates for burning wood pellets were not granted and certificates were revoked retroactively back as from January 2014.

In May 2014, the Belgian Government implemented a new Energy Decree which changed the procedure. Furthermore, the Flemish Energy Agency (VEA) took over the responsibility from the VREG. The new procedure requires that Fedustria prove the complete threat prior to denying a certificate. Under the new directive, the Belgian power sector was again able to secure the Green Certificates and the generation of electricity from wood pellets resumed in August. The current industrial use is estimated at about 900,000 MT per year, representing a value of about \$ 110 million. The Belgian biomass and wood sector reported that future projects, such as the recently announced Belgian Eco Energy plant in the port of Ghent, will likely be sourced from a long distance to prevent competition with domestic sectors for the same feedstock.